

MEMORANDUM FOR THE RECORD

SUBJECT: Security Implications of a Proposed Sale of RCA Color TV Equipment to the USSR

1. This memorandum addresses the issues involved in the proposed sale of RCA color TV equipment to the USSR, a matter which has been, for the past ten days or two weeks, under active consideration by the Commerce Department and the Defense Department, as well as other agencies. I was first alerted to the security implications in all this on 1 March by Mr.

STAT [] who told me that certain video recording equipment involved in the transaction might serve to advance the Soviet SIGINT program significantly since it is NSA's estimate that we are two to three years ahead of them in this equipment. I directed [] to prepare for my signature letters to the Secretaries of Commerce, Defense, and State, and to Mr. McGeorge Bundy, which were sent to these addressees on 2 March and which warned that there might be security implications, and that as Acting DCI I was directing an intelligence study of the matter and would keep the addressees informed. STAT

2. I then directed [] to assemble the SIGINT Committee to develop a position and I also directed that the CIA Director of Security and the AD/RR provide inputs to the SIGINT Committee deliberations from the standpoint of security and COCOM relationships. STAT

3. The first reaction to my 2 March letter came late in the afternoon that same day when I was telephoned by Assistant Secretary of Commerce Thomas Wyman. He indicated some surprise about my letter since he said the subject had been under consideration in various Government agencies for a number of months. He said in particular that DOD had gone into the matter in great detail. DOD's first position was negative, but it later revised its view and gave its approval to an RCA sale. I told Mr. Wyman that the subject would be discussed at the USIB meeting on 3 March.

4. By the afternoon of 5 March, the SIGINT Committee had completed its study and the Committee's findings, together with a draft letter for my signature to the Secretary of Commerce, was given me for my consideration over the weekend.

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5. On the morning of 8 March, I talked with Francis Bator, a White House staffer who is following the subject. I told him that final resolution of the intelligence position has not been made, although the SIGINT Committee had completed its report which I had under consideration. I explained that the issue is not black and white, but that previous study of this subject was not as complete as it should have been. I said that I believed I would be informing the policy makers of the security implications, but that in the final analysis a judgment would have to be made by someone outside the Intelligence Community, taking into account non-intelligence factors.

6. Later that same morning, Secretary of Commerce Connor called me and urged that I complete discussions with DOD people as soon as possible since General Sarnoff had written a letter to the President dated 5 March. It developed that Assistant Secretary Wyman had told Sarnoff that whereas all appropriate authorities in Commerce, Defense, and State had cleared a sale, a certain "undisclosed Agency of the Government" was now raising objections. In his letter to the President, Sarnoff cited the widespread dissemination of "certain circuits" in the RCA color tape recorder, and said these should ^{not} be considered of strategic importance. Sarnoff urged that the Government not "deny American industry a major opportunity to increase its exports, to help the balance of payments, and to secure worldwide acceptance of American color standards."

7. I explained to Secretary Connor about the SIGINT Committee report, that it does not come down hard black or white, and that I was aware of the non-intelligence aspects. I told him I would contact DOD people. I mentioned Dr. Fubini particularly since Fubini was the one who had established the earlier DOD position. I then offered to provide Secretary Connor with a detailed briefing on the SIGINT aspects at any time convenient to him.

8. Later that same morning, I talked again with Mr. Bator. I told him of Sarnoff's letter to the President. Bator did not know of this and it later developed that Connor had received a copy direct from Sarnoff. Bator was of the impression that to sell or not to sell was a decision that should be made by the Cabinet Officer charged with the major responsibility rather than by the President or the White House. I agreed with this and I told Mr. Bator that I would be in touch with Fubini.

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9. I then talked with Fubini who had received a copy of the SIGINT Committee report and the draft letter to the Secretary of Commerce. Fubini was under the mistaken impression that I had signed the letter. I told him I had not and he said he would inform Secretary Vance since he had told Vance in discussing the SIGINT Committee report that I had signed the letter. We discussed General Blake's position. General Blake had earlier acted somewhat hastily and now admitted this and it was on the basis of his hasty advice that Fubini had reached a positive DOD position. Fubini said he was glad to have the Intelligence story on this matter. He said he was preparing an analysis of the paper for Secretary Vance. Fubini said he thought the draft letter was fair and factual, although he indicated he might disagree with some of the conclusions reached. He said he would contact me later in the day.

10. I then touched base with General Carroll and Tom Hughes. Carroll said he believed the SIGINT paper and the draft letter were not "balanced" papers and that they provided only one side of the story. He thought it reasonable to presume that the recorders were available to the opposition because of their dissemination abroad, and he thought there was some danger of "crying wolf" without being able to back up the cry with good solid evidence. Tom Hughes was unaware of the issue in detail and said he would double check with George Denny who had been at the 3 March USIB meeting where the subject was raised.

11. Secretary Vance then called me and urged that I thrash the issues out with Fubini. I told Vance I was in the process of doing this and was waiting to hear from Fubini.

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